

Small and Medium Enterprise  
Competitiveness Enhancement Program (SMECEP)

Contract Number 690-C-00-02-00002-00

Progress Report-Second Quarter  
Phase I, Contract Year 2  
April 1, 2003 through June 30, 2003

Submitted to USAID/Namibia

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Sigma One Corporation

# **SMEs Compete**

**Small and Medium Enterprise Enhancement Program (SMECEP)  
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**Phase I, Contract Year 2**

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### **Foreword**

*SMEs Compete/SMECEP*

“SMEs Compete” is the trade name for the Small and Medium Enterprise Competitiveness Enhancement Program (the Program) funded by USAID/Namibia. SMEs Compete, Phase I, provides assistance and support for income growth and job creation in the Namibian small and medium enterprise (SME) sector. The Program prescribes performance of Outputs to achieve specified Targeted Results (TRs) to improve SME entrepreneurial, management, marketing and information technology skills, and to increase the capacity of business support organizations (BSOs) in the sector.

This Progress Report (this/the Report) is submitted under Contract Section F.6(c) and pursuant to the Annual Work Plan for Phase I, Contract Year 2 (the 2003 Work Plan).

### *Organization*

This Report follows the format of the 2003 Work Plan. It incorporates by reference the substance and spirit of that document and of other previous submissions setting forth Program principles, methods and mechanisms of implementation.

The Report is divided into two sections:

- This Narrative, consisting of
  - A general statement regarding progress during the period, as measured by the Work Plan schedule;
  - A brief discussion of the highlights of the period and contacts with Program constituents, details of which are more specifically described in the Schedules; and
  - A notation of priorities for the next quarter.

- The Schedules, based on the 2003 Work Plan schedule of activities for activities in the reporting period, organized by TR and Output and annotated to indicate work accomplished for each planned activity. To permit easy assessment of continuity, progress and integration for each activity, in addition to describing work in the reporting period, the Schedules indicate, where applicable, completion of work in preceding periods and the planned dates for work in the following period.

### *Overall Implementation Approach*

The Program's primary objective is to increase income and job creation of Namibian SMEs. Its Phase I target is to support at least 50 high potential individual SMEs. In addition, SMEs Compete provides extensive and varied assistance to the broader SME sector. As a corollary to its main purpose, it seeks to improve the capacity of local BSOs.

To those ends, the Program prescribes an impressive array of Outputs to support access to technology, skills development and national, regional and international trade. Given the breadth of the Program, its many and varied activities and the heterogeneity of its constituency, SMEs Compete must strive to maintain its focus on the specific target and on the overriding mandate to serve the SME sector. Accordingly, the Program endeavors in all planning and implementation to be objective-driven, action-oriented, efficient and reality-based.

The 2003 Work Plan is designed in accordance with the objectives and principles of SMEs Compete; SMEs Compete implemented the activities in this reporting period pursuant to those same objectives and principles.

## **Progress Pursuant to the Work Plan**

Activities during the period were implemented pursuant to the Work Plan schedule, with only a few variances which are noted in this Narrative and in the Schedules. A number of activities were initiated or completed prior to the expected dates; a few were delayed or and re-scheduled without prejudice to accomplishing the Program's results.

## **Highlights of the Period**

Highlights of the period included:

Client Base--Group 1 Clients. Based on information regarding over 450 potential clients, SMEs Compete identified 67 Group 1, High Potential Clients. See attached excerpt from the June 19 briefing to USAID and MTI. The Program has assisted a number of these clients on an individual basis, and has planned and obtained client agreements from a substantial number of others for client and sector-specific support. From the Third

Quarter through the end of Phase I, the Program on programmatic support to Group 1 and, where appropriate, Group 2, clients.

The Grant Program: Completion of TEC Review; 13 applications in negotiation; five grants to be ready for award in early July. Over 100 potential grantees obtained the Grant Program's Request for Application by email or in person at SMEs Compete offices. Of those, 55 submitted applications; of applications submitted, 44 were deemed potentially responsive and were reviewed in detail by the Technical Evaluation Committee. The Grants Manager and Financial Manager entered into negotiations with 13 of those evaluated.

As of the end of the reporting period, five grants were ready for award. Negotiations were in process on the remaining eight.

ICT Component: Detail plan approved; activities initiated. In April, Program personnel briefed the CTO and his staff on the SMEs Compete "Conceptual Framework" for the ICT component. The Work Plan scheduled the activities to fill in that framework and, in June, SMEs Compete briefed the CTO on the "Integrated Strategy" and detailed implementation plan. That plan, which was the product of extensive and intensive fieldwork during May and June, follows the framework previously presented, as well as the Work Plan activity schedule. It involves two major initiatives:

- Business Centers (formerly "CARBAs"): Access to computer and other business services at up to eight locations in the country; and
- Electronic Directory and Messaging Service: Promotion of effective business use of cell phones through improvement of information availability and communication tools.

The Business Center initiative incorporates skills enhancement activities; the Directory, a potential database-updating facility for business support organizations.

Construction Program: Agreements with 18 new clients. Fourteen small building contractors, three commercial woodworking firms and one floor and wall cladding contractor signed agreements with SMEs Compete for an intensive program of Construction Management Workshops and on-the-job Advisory Services.

"Connections": Three successful sectoral events. SMEs Compete hosted three "Connections", including

- Artisans & Handicrafts – International Marketing (April 25);
- Tourism – SMEs' Windhoek Holiday & Expo (May 8-10), in coordination with the Namibia Tourism Board; and
- Mining, Gemstones & Jewelry – Stone + Tec (June 25), in coordination with MTI, International Trade Division

These events, intended as lively and informative exchange and networking events, were exceedingly well-received by the attendees. Participants in the mentioned Connections included a mix of SMEs, large company and government representatives, experts and dealers, as appropriate to the activity.

In addition to its signature events, in late April, SMEs Compete provided the facilitation for an AGOA conference in Windhoek, organized by the USAID/RCSA “Hub” contractors.

Sponsorship for Namibian attendance at regional and international study tours and events. During the period, SMEs Compete sponsored the attendance of Namibian SMEs and other key persons to a variety of events providing exposure to industries, markets and international experience, including:

- Three SMEs to the *Stone+Tec 2003* trade show in Nuremburg, Germany
- Six SMEs and two other representatives to the *Lubango Solo Trade Fair* in Angola
- Three MTI officials on study tour to Kuala Lumpur to attend the SME/SMI “*One Stop Solution*” conference and to meet with Malaysian private sector, association and government representatives
- Three SMEs to the *US-Africa Summit* in Washington, DC, sponsored by the Corporate Council on Africa

Briefings: Four formal Briefings. SMEs Compete made two formal briefings to USAID, including the ICT “Conceptual Framework” (April 3) and ICT “Integrated Strategy” (June 24), as well as one briefing to both USAID and MTI on “Highlights, Client Base and Priorities” (June 19) and one to MTI on “Highlights and Priorities”. The last briefing was also presented to the MTI Permanent Secretary at an additional meeting.

All briefings were accompanied by written materials covering the major points and the substance of the particular subject matter(s).

Community Contacts: Extensive person-to-person contact in all activities. In addition to the 100 or so contacts involved in arranging and staging the “Connections” described above, as part of its on-going outreach program and its specific activities during the period, Program personnel met with many representatives of local organizations, as well as individuals, and other persons. A few representative examples:

*Northern Office:* Numerous contacts with SMEs and local NCCI and government officials regarding the Lubango Trade Fair arrangements and the office’s Grand Opening; fieldwork to complete the SME client base in the “Four O’s”

*Grant Program:* Negotiations of applications for potential grants; debriefings of unsuccessful grantees

*ICT:* Interviews of over 50 businesses, NGOs, associations and individuals in eight locations (Oshakati, Rundu, Grootfontein, Swakopmund, Walvis Bay, Luderitz, Rehoboth, Windhoek) in connection with providing business center services and electronic directory management services

*Construction Program:* Pre-qualification of workshop providers and BSO participants, including management consulting firms in Namibia and South Africa, individual consultants, banks, building materials suppliers, major construction firms, associations, parastatal companies and government officials

*A note on the Private Sector Advisory Committee (PSAC):* In the preceding reporting period, SMEs Compete presented suggestions to USAID regarding the composition of the PSAC. Developments in the area of SME support in Namibia, subsequent to Program design and only now becoming clear, indicate that the formation of a PSAC may not be an effective or even an appropriate approach to accomplishing the intended objectives of such a committee—and, in fact, that a PSAC might not be desirable at this time under any circumstances, whether sponsored by the Program or otherwise.

Further, SMEs Compete's extensive outreach efforts, coordination and interaction with the community on all levels—whether through its daily contacts, its Work Plan development, its contracting, its Grant Program, its “Connection” series or other activities—have accomplished the consultative and participatory purposes for which the PSAC was originally conceived.

The SMEs Compete COP and the CTO have discussed this matter briefly, and will continue those discussions in the Third Quarter.

Facilities and Staffing: Northern Region and Windhoek Offices. The SMEs Compete Northern Region Office, fully-equipped and staffed, hosted its Grand Opening in early May. The Windhoek office was pleased to recruit two well-qualified new staff members—an SME Officer and a Grants Officer—both of whom began work before mid-July.

## **Priorities for the Third Quarter, July 1 through September 30**

Activities planned for the Third Quarter build on work in the previous two periods. While SMEs Compete sees the completion of each activity in the 2003 Work Plan as important in itself, the priorities for the coming period are the following:

### Client Assistance:

- To continue current initiatives with, and to build on past support to, high potential individual clients
- To successfully implement the Construction and ICT support programs
- To deliver programmatic assistance for Windhoek and Oshakati-area clients

- To provide further programmatic support, based on sectors or on other common characteristics of small groups of SMEs

#### Grant Program

- To award Grant awards to responsive and qualified applicants whose proposals have met with TEC approval and are now in negotiation
- To effectively monitor grantees' activities to assure results as proposed

#### ICT Component

- To complete contracting arrangements for ICT access and other business services in at least five locations. Proposals from potential "business center operators" and other companies involved in this initiative are due in July, for implementation beginning in August and continuing through February of next year.

The successful performance of scheduled activities in this reporting period has laid a foundation for meeting the challenges of the next three months. It is essential, however, that Program focus remain on the substantive results desired by both USAID/Namibia and SMEs Compete and the activities which should produce those results.

Success requires mutual effort to assure optimal use of time and financial resources for achievement of the shared objectives.

SMEs Compete looks forward to working with USAID/Namibia toward those ends.